

Federal Housing Finance Board

§ 960.12

given quarter or year and whether such decline is projected to continue;

(4) Other financial conditions, which, in the opinion of the Bank's board of directors, have resulted, or are likely to result, in the financial instability of the Bank; and

(5) The financial data submitted by the Bank in support of its application.

(c) The Board shall disapprove an application for a temporary suspension if it determines that a Bank's financial instability is a result of:

(1) A change in the terms of advances (other than subsidized advances) not justified by market conditions;

(2) Inordinate operating and administrative expenses;

(3) Operation of the Bank in a manner contrary to accepted banking practices for the Banks;

(4) Mismanagement; or

(5) If for any other reason the temporary suspension is not warranted.

(d) Within thirty (30) days after receipt of a written application made pursuant to paragraph (a) of this section, the Board shall approve or disapprove such application in writing. The Board's decision shall be accompanied by specific findings and reasons for its action and shall state the time period for any temporary suspension. A copy of the decision shall be forwarded to the Congress as provided in paragraph (g) of this section and a copy forwarded to each Bank.

(e) During the term of a temporary suspension approved by the Board, the affected Bank shall provide to the Board such financial reports as the Board shall require to monitor the financial condition of such Bank. If, in the opinion of the Board, a Bank has returned to a position of financial stability prior to the conclusion of the temporary suspension period, the Board may, upon written notice to the Bank, terminate such temporary suspension.

(f) A Bank may apply for an extension of a temporary suspension when such Bank's board of directors determines that the Bank has not, or is not likely to, return to a position of financial stability at the conclusion of the temporary suspension. A request for an extension is to be in written form and shall be approved or disapproved by the

Board within thirty (30) days of receipt. The Board's decision to approve or disapprove a request for an extension shall be accompanied by specific findings and reasons for its action and shall state the effective date and time period of any extension. A copy of such decision shall be forwarded to the Congress as provided in paragraph (g) of this section and a copy forwarded to each Bank.

(g) The Board shall notify the Committee on Banking, Finance and Urban Affairs of the House of Representatives and the Committee on Banking, Housing and Urban Affairs of the Senate of any temporary suspension and any extension of a temporary suspension. A temporary suspension may not take effect until at least 60 days after the Board gives the notice of its action required by this section. An extension of a temporary suspension may not take effect until at least 30 days after the Board gives the notice of its action required by this section. Such suspension or extension shall become effective as determined by the Board, unless a joint resolution of Congress is enacted, prior to the Board's determined effective date, disapproving such suspension.

§960.12 Affordable Housing Reserve Fund.

(a) If a Bank fails to use or commit the amount it is required to contribute to the Program pursuant to §960.10 of this part in a given year, ninety percent of the amount that has not been used or committed in that year shall be paid over to the Affordable Housing Reserve Fund established and administered by the Board. The ten percent of the unused or uncommitted amount retained by a Bank should be fully used or committed by that Bank during the following year and any remaining portion must be deposited in the Affordable Housing Reserve Fund. For purposes of this section, approval of applications sufficient to exhaust the amount a Bank is required to contribute pursuant to §960.10 of this part shall constitute use or commitment of the funds.

(b) No later than January 15 of each year, each Bank shall provide to the Board a statement indicating the amount of funds from the prior year, if

any, which will be paid over to the Affordable Housing Reserve Fund.

(c) No later than January 31 of each year, the Board will notify the Banks of the total amount of funds available in the Affordable Housing Reserve Fund.

(d) Upon receipt of an application from a member, a Bank may apply to the Board for use of the available Reserve Funds. Such application shall only be made after the Bank has used or committed all of its current annual allocation to the Program. Such application shall state the amount of funds desired, the purpose of the advance to be made with such funds, and the subsidy to be made on the advance or other subsidized assistance. The application shall be accompanied by the written application of the member requesting a subsidy and shall be acted upon by the Board.

§ 960.13 Coordination.

The Board and the Banks shall coordinate activities under this part, to the maximum extent possible, with other federal, state, or local agencies and nonprofit organizations involved in affordable housing activities.

§ 960.14 Advisory Councils.

(a) Each Bank shall appoint an Advisory Council of 7 to 15 persons, who reside in the Bank's District and are drawn from community and nonprofit organizations actively involved in providing or promoting low- and moderate-income housing in the District. The Advisory Council shall meet with representatives of the board of directors of the Bank at least quarterly to advise the Bank on very low-, low-, and moderate-income housing programs and needs in the District, and on the use of subsidized advances, direct subsidies, and other assistance for these purposes.

(b) Advisory Councils shall be appointed by the Banks giving consideration to the size and diversity of the District, and the very low-, low-, and moderate-income housing needs of the District.

(c) The composition of the Advisory Council shall reflect the very low-, low-, and moderate-income housing activities and needs within the District, as

well as the full range of community and nonprofit organizations' concerns. Local and state housing officials may serve as members of an Advisory Council, provided that such officials do not constitute an undue proportion of the membership.

(d) The nomination and selection process shall be as broad and as participatory as possible. Each Bank shall actively solicit nominations from community and nonprofit organizations, allowing sufficient lead time for responses.

(e) Council members shall be paid travel expenses by the Banks, including transportation and subsistence, for each day devoted to attending meetings.

(f) Council members shall serve terms of 2 years, but the terms shall be staggered to provide continuity in experience and service to the Advisory Council.

(g) Each Council shall designate a member or request that a member of the Bank's staff be designated to act as Secretary of the Advisory Council. The Secretary shall record and maintain minutes of the meetings of the Council. Minutes of each meeting shall contain, among other things, a record of the persons present, a description of the matters discussed, and recommendations made. The person acting as Secretary at a meeting shall certify to the accuracy of the minutes of that meeting.

(h) Meetings of the Advisory Council shall be held at least once each quarter and may be held more frequently at the call of the Bank.

(i) By January 31 of each year each Bank shall submit to the Board for review and approval a detailed plan for the operation of its Advisory Council during the year. Such plan shall be subject to review by the Board. Plans shall contain such information as the Board may from time to time require and shall be updated by each Bank as necessary.

(j) By January 31 of each year, each Advisory Council shall submit to the Board its analysis of the low-income housing activity of the Bank by which it is appointed.